THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHRIPAD YESSO NAIK)): (a) No, Sir. In terms of Indo-Mauritius DTAA, Capital Gains on purchase and sale of shares of Indian companies is chargeable in Mauritius in case of residents of Mauritius. It is not subjected to capital gains tax in India. As such it cannot be said that Capital Gains Tax has been 'lost'. No record of amount of such tax leviable in Mauritius in terms of the treaty is maintained by the Income Tax Department.

(b) In view of (a) no action is called for in cases of residents of Mauritius.

(c) Supreme Court has passed the order after taking into account the legal and factual aspects of the matter. It will not be possible to say that Supreme Court has not appreciated the facts of the case. The Supreme Court has come to conclusion that the grant of exemption from Capital Gains Tax in India in terms of the Treaty doesn't amount to 'abuse' of the Treaty.

Pension burden of States

1437. SHRIMATI AMBIKA SONI:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have brought a new pension scheme;

(b) whether Capital Government's proposal on pension reforms has been welcomed by State Governments;

(c) whether only four States are at present willing to join new pension scheme once it is operationalised;

(d) if so, whether in a bid to diffuse pension time-bomb of State Governments' Reserve Bank of India has set up a high-level committee to review growing financial burden on various States on account of pension funding;

(e) whether they have completed the review of pension burden of States; and

(f) if so, the alternative suggestions made in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) and (c) Government has decided to introduce a defined contribution pension scheme for new entrants to Central Government Service, except to the armed forces in the first stage, which will also be available, on a voluntary basis, to others. Contribution will be shared equally in the case of Central Government employees between the Central Government and the employees. However, there will be no contribution from the Central Government in respect of individuals who are not Central Government employees.

(d) to (f) In the Eleventh Conference of the State Finance Secretaries held in the Reserve Bank of India of on January 9, 2003, it was felt that a detailed examination of the issues relating to States' increasing pension liabilities could facilitate the States to initiate appropriate measures in this regard. Accordingly, the State Finance Secretaries formed a Group to study the pension liabilities of State Government under the Chairmanship of Shri B.K. Bhattacharya, former Chief Secretary, Government of Karnataka.The Group consisted of Finance Secretaries of eight States, representative from the Department of Pensions and Pensioners Welfare, Government of India, Life Insurance Corporation of India and few experts. The recommendations of the Group would be discussed in the next Conference of the State Finance Secretaries to be held at the Reserve Bank of India.

Write-Offs of Principal Loans

1438. SHRI RAJEEV SHUKLA:
DR. VIJAY MALLAYA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of various write-offs of principal loans made by Public Sector Banks operating in the United Kingdom;

(b) if so, the details of such write-offs of principal amounts made during the last three years;

(c) the total loss suffered by Public Sector Indian Banks operating world-wide (outside India) through the write-offs of principal amounts in the last three years in view of part (a) and (b)?